GOVERNMENT OF INDIA
ROAD TRANSPORT AND HIGHWAYS
LOK SABHA

UNSTARRED QUESTION NO:2109
ANSWERED ON:05.03.2003
SUB-CONTRACTING OF AWARDED WORKS
UMMAREDDY VENKATESWARLU

Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether the foreign contractors are sub-contracting most of the awarded works;

(b) if so, whether it is permissible under the Rules of National Highways Authority of India (NHAI);

(c) if, so, the details thereof;

(d) whether the NHAI propose to devise better and more economical system of construction of its highways; and

(e) if so, the steps the NHAI propose to take to ensure reduction of the costs of highway construction?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (MAJOR GENERAL (R
B.C.KHANDURI)

(a) to (c) Subcontracting upto 50% is permissible under Contract Agreement, which is based upon FIDIC DocumentHowever, the contractor has to seek prior approval of the NHAI before subcontracting any part of work assigned to them.Many contractors including foreign contractors subcontract the work under the above provisions.

In case of BOT projects, the concessionaire may undertake construction work by himself or through a contractor.

(d) & (e) The following steps have been taken to ensure reduction of the costs of highway construction:

(i) National Highways Authority of India (NHAI) is engaging reputed Design Consultant for preparation of Detailed Project Report.

(ii) The size of contract package is decided based on Techno-economic considerations. Substantial use of latest construction equipments, such as Hot Mix Plant, Crushers, Pavers, etc., also has helped in overall cost reduction.

(iii) Mobilization and Equipment advances are given to contractors for better mobilization and to reduce cash flow problems for timely completion of projects.

(iv) Locally available material and manpower are used to the extent feasible.

(v) NHAI has adopted modern construction management technique for project implementation, which also leads to reduction in cost.